

# AN EVALUATION OF ECONOMIC DAMAGES

FOR

JESSICA SALABARRIA (GUASTO)

by

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Retired Dean, and Professor of Economics

March 27, 2024

## Evaluation of Economic Damages

### I. Introduction

At the request of Daniel Barroukh I am providing a written report with a spreadsheet document in the case of Jessica Salabarria (Guasto). In order to address the economic damages in this case it is necessary to consider the past and future lost income and fringe benefits for Ms. Salabarria as the result of her dismissal from the Miami-Dade County Police Department on 1/25/2021. My assessment is predicated on general data suggesting that Ms. Salabarria was born on April 17<sup>th</sup>, 1991, that she is a Hispanic female, that as a result, her life expectancy from 7/01/2024 (reference date for my analysis) is 49.3 years until 2073.80, and that she will be 33 years old next month. Further, for purposes of this analysis at this point, I have also assumed that she would not have been promoted to police lieutenant. If requested at a later date I will develop alternative spreadsheets for if she would have, in the past, or future been promoted. In addition, no consideration was given to changes in quality of life for Ms. Salabarria since her dismissal. This is not to imply that this may not have occurred, simply that this issue was not addressed.

My lost income calculations are computed after-tax, based on pre-tax earnings starting at her 2020 rate of \$121,338 (109,900 after the dismissal). This salary was computed to grow by 1.08% above the rates of inflation for the years 2021-2024. After 2024, the pre-tax income is assumed to grow at 4.1% per year (see my published paper referenced below) until she is assumed to enter the Florida DROP program for eight more years. Her after dismissal income is assumed to be what she actually earned in 2021 and 2022 (both pre- and post-tax), then an approximation of her 2023 earnings (since I have not received her 2023 tax return) of just under \$50,000. 2024 and future post-dismissal earnings are also assumed to grow by 4.1% until 2049 when it is assumed that she will retire and start collecting a significantly reduced pension. The tax rate for pre-dismissal earnings is assumed to be 15.33% and after dismissal at 8.22% for 2023 and until retirement, when the tax rate becomes zero.

Pre-dismissal earnings are assumed to become constant in 2039 until 2047 with the advent of DROP. Based on the Florida DROP criteria, she would have been due a very sizable DROP payment of just under \$1.855 million and then beginning one third of the year into 2047, start to receive her pension of just under \$192,000 until her life expectancy at age 82 in 2073. Post-dismissal, her pension begins in 2049 at \$23,280 pre-tax (based on the worksheet provided), to continue until the same life expectancy. Lost fringe benefits are assumed to be total given that she has not been able to replace them, post-dismissal, and were based on her 2020 payment that was \$2,435.12 (assumed to be at 40% of the total cost), implying that the police department paid \$3,652.68 or \$304.39 per month. This amount was assumed to grow with inflation of 3.02% until life expectancy.

Each of the losses were then discounted to present value using a 4.82% after-tax discount rate (based on a 5.69% nominal pre-tax discount rate derived from the average yield on 3-year Treasury Bonds for the period March 1986 to September 2005). This time frame reflects a relatively recent time period that allows for the use of averages for interest rates, earnings growth rates, and inflation rates predicated on the absence of unit root (non-stationarity) in the times series. My coauthored paper entitled "An Alternative Estimation Technique for Determining Discount Rates and Earnings Growth Rates in Wrongful Death and Personal Injury Cases" published in the *Journal of Forensic*

*Economics* (December 2016) is the basis for this assumption.

The attached spreadsheet provides the details on the losses. The bottom-line losses predicated on a full work life expectancy both pre-and post-dismissal in present value dollars as of 7/01/2024 are **\$2,531,057.78** due to Ms. Salabarría's dismissal without reinstatement. My methodology allows the reader to determine how much the present value losses are at the end of each year (or half year for 2024) by looking at the column labeled Cumulative Present Monetary Value. For example, if Ms. Salabarría were reinstated on 7/01/2024 (without losses of seniority, or salary, or benefit levels), the total present value losses would be **\$252,153.86**, while the losses would be **\$353,763.51** if she was reinstated on 12/31/2025. As stated above, the total estimated losses for Ms. Salabarría do not include any adjustment associated with changes in her, or her family's, quality of life.

#### Statement of Materials Considered in the Case of Jessica Salabarría

The following represent all of the materials I considered in developing my opinions in the above referenced case.

1. The 2020 Life Table, National Vital Statistics Reports, Vol. 71, No. 1, August 8, 2022
2. A document from the FRS related to retirement eligibility for Miami-Dade County employees
3. The July 11, 2022 estimates of Ms. Salabarría's pension post-dismissal
4. Two documents reflecting headline inflation rates for the United States for 2019-2023
5. W-2 and/or tax documents for 2018 through 2022
6. A July 2023 document from FRS regarding post-retirement HIS
7. A document from FRS regarding whether or not overtime pay counts towards retirement and DROP
8. My coauthored Article
9. Various data sources to compute the discount rate and earnings growth rates including [www.bls.gov](http://www.bls.gov) and *Determining Economic Damages* by Stephenson, MacPherson, and Martin, 2016.

I billed Mr. Barroukh \$ for my report when submitting it.

Sincerely,

*Paul M. Mason, Ph.D.*

LOSS ESTIMATES FOR JESSICA SALABARRIA calculated on 2/01/24

BASED ON EARNINGS RATE AT TIME OF TERMINATION - NO PROMOTION

Date of Birth: April 17, 1991 (1991.29) Reference Date for Computations: 7/01/24 (2024.50)  
 Current Age: 33  
 Life Expectancy: 49.3 years from 7/01/24 (to 2073.80) 2020 Life Tables  
 Working Life: To Age 48 (2039.33) plus eight more years under DROP, pre-termination; until age 58 post termination  
 Date of Dismissal: 1/25/21 (2021.07)  
 Pre-dismissal Earning Capacity: \$121,338 (2021 dollars) to grow at 1.08% above the rate of inflation annually until work life expectancy  
 Post-dismissal Earning Capacity: as it accrued in the past through November 2023, then to grow at 1.08% above the rate of inflation until work life expectancy thereafter  
 Fringe Benefit Loss: \$304.39 (2020 dollars) per month, to grow with inflation until life expectancy  
 Lost Household Services: NA  
 Assumed Tax Rate: 15.33 pre-termination, and then 2% post-dismissal for Federal Income Tax  
 Discount Rate: 4.82% nominal after-tax discount rate (5.69% nominal rate times 0.8467)

| Year                 | Age | Pre-termination<br>Potential<br>Salary<br>Earnings | After-tax<br>Potential<br>Salary<br>Earnings | Actual and<br>Post<br>Termination<br>Earnings | After-tax<br>Post<br>Termination<br>Earnings | Net<br>Lost<br>Earnings | Present<br>Monetary<br>Value | Lost<br>Fringe<br>Benefits | Present<br>Monetary<br>Value | Lost<br>Household<br>Services | Present<br>Monetary<br>Value | Cumulative<br>Present<br>Monetary<br>Value |
|----------------------|-----|--|--|---|--|-------------------------|------------------------------|----------------------------|------------------------------|-------------------------------|------------------------------|--|
| PAST ECONOMIC LOSSES |     |  |  |   |  |                         |                              |                            |                              |                               |                              |  |
| 2020                 | 29  | \$109,990.00                                       | \$93,134.00                                  | \$109,990.00                                  | \$93,134.00                                  | \$0.00                  | \$0.00                       | \$0.00                     | \$0.00                       | \$0.00                        | \$0.00                       | \$0.00                                     |
| 2021                 | 30  | \$116,347.42                                       | \$98,511.36                                  | \$25,285.16                                   | \$25,100.16                                  | \$73,411.20             | \$76,764.21                  | \$3,348.29                 | \$3,348.29                   | \$0.00                        | \$0.00                       | \$80,112.50                                |
| 2022                 | 31  | \$123,072.30                                       | \$104,205.32                                 | \$40,013.00                                   | \$40,419.00                                  | \$63,786.32             | \$65,584.77                  | \$3,762.99                 | \$3,762.99                   | \$0.00                        | \$0.00                       | \$149,460.26                               |
| 2023                 | 32  | \$128,585.94                                       | \$108,873.72                                 | \$49,833.33                                   | \$45,737.03                                  | \$63,136.68             | \$63,957.46                  | \$3,876.63                 | \$3,876.63                   | \$0.00                        | \$0.00                       | \$217,294.36                               |
| 2024                 | 33  | \$66,928.98  | \$56,668.77                                  | \$25,938.25                                   | \$23,806.13                                  | \$32,862.64             | \$32,862.64                  | \$1,996.85                 | \$1,996.85                   | \$0.00                        | \$0.00                       | \$252,153.86                               |
|                      |     | \$544,924.65                                       | \$461,393.17                                 | \$251,059.74                                  | \$228,196.32                                 | \$233,196.85            | \$239,169.09                 | \$12,984.77                | \$12,984.77                  | \$0.00                        | \$0.00                       |  |

## FUTURE ECONOMIC LOSSES

|      |    |                |                |              |              |                |              |            |            |        |        |                |
|------|----|----------------|----------------|--------------|--------------|----------------|--------------|------------|------------|--------|--------|----------------|
| 2024 | 33 | \$66,928.98    | \$56,668.77    | \$25,938.25  | \$23,806.13  | \$32,862.64    | \$32,089.29  | \$1,996.85 | \$1,949.86 | \$0.00 | \$0.00 | \$286,193.01   |
| 2025 | 34 | \$139,346.14   | \$117,984.38   | \$54,003.44  | \$49,564.35  | \$68,420.02    | \$63,737.75  | \$4,114.32 | \$3,832.76 | \$0.00 | \$0.00 | \$353,763.51   |
| 2026 | 35 | \$145,059.33   | \$122,821.74   | \$56,217.58  | \$51,596.49  | \$71,225.25    | \$63,299.94  | \$4,238.57 | \$3,766.94 | \$0.00 | \$0.00 | \$420,830.39   |
| 2027 | 36 | \$151,006.77   | \$127,857.43   | \$58,522.50  | \$53,711.95  | \$74,145.48    | \$62,865.14  | \$4,366.57 | \$3,702.25 | \$0.00 | \$0.00 | \$487,397.78   |
| 2028 | 37 | \$157,198.04   | \$133,099.58   | \$60,921.92  | \$55,914.14  | \$77,185.45    | \$62,433.32  | \$4,498.45 | \$3,638.68 | \$0.00 | \$0.00 | \$553,469.77   |
| 2029 | 38 | \$163,643.16   | \$138,556.67   | \$63,419.72  | \$58,206.62  | \$80,350.05    | \$62,004.47  | \$4,634.30 | \$3,576.19 | \$0.00 | \$0.00 | \$619,050.44   |
| 2030 | 39 | \$170,352.53   | \$144,237.49   | \$66,019.93  | \$60,593.09  | \$83,644.40    | \$61,578.57  | \$4,774.25 | \$3,514.78 | \$0.00 | \$0.00 | \$684,143.78   |
| 2031 | 40 | \$177,336.99   | \$150,151.23   | \$68,726.74  | \$63,077.41  | \$87,073.82    | \$61,155.59  | \$4,918.44 | \$3,454.42 | \$0.00 | \$0.00 | \$748,753.80   |
| 2032 | 41 | \$184,607.80   | \$156,307.43   | \$71,544.54  | \$65,663.58  | \$90,643.85    | \$60,735.52  | \$5,066.97 | \$3,395.10 | \$0.00 | \$0.00 | \$812,884.42   |
| 2033 | 42 | \$192,176.72   | \$162,716.03   | \$74,477.87  | \$68,355.79  | \$94,360.25    | \$60,318.33  | \$5,220.00 | \$3,336.80 | \$0.00 | \$0.00 | \$876,539.55   |
| 2034 | 43 | \$200,055.97   | \$169,387.39   | \$77,531.46  | \$71,158.37  | \$98,229.02    | \$59,904.01  | \$5,377.64 | \$3,279.50 | \$0.00 | \$0.00 | \$939,723.05   |
| 2035 | 44 | \$208,258.26   | \$176,332.27   | \$80,710.25  | \$74,075.87  | \$102,256.41   | \$59,492.53  | \$5,540.04 | \$3,223.18 | \$0.00 | \$0.00 | \$1,002,438.77 |
| 2036 | 45 | \$216,796.85   | \$183,561.90   | \$84,019.37  | \$77,112.98  | \$106,448.92   | \$59,083.88  | \$5,707.35 | \$3,167.84 | \$0.00 | \$0.00 | \$1,064,690.49 |
| 2037 | 46 | \$225,685.52   | \$191,087.93   | \$87,464.16  | \$80,274.61  | \$110,813.32   | \$58,678.04  | \$5,879.72 | \$3,113.44 | \$0.00 | \$0.00 | \$1,126,481.96 |
| 2038 | 47 | \$234,938.63   | \$198,922.54   | \$91,050.20  | \$83,565.87  | \$115,356.67   | \$58,274.98  | \$6,057.28 | \$3,059.97 | \$0.00 | \$0.00 | \$1,187,816.92 |
| 2039 | 48 | \$244,571.12   | \$207,078.36   | \$94,783.25  | \$86,992.07  | \$120,086.29   | \$57,874.70  | \$6,240.21 | \$3,007.42 | \$0.00 | \$0.00 | \$1,248,699.04 |
| 2040 | 49 | \$244,571.12   | \$185,874.05   | \$98,669.37  | \$90,558.74  | \$95,315.30    | \$43,824.18  | \$6,428.67 | \$2,955.78 | \$0.00 | \$0.00 | \$1,295,479.00 |
| 2041 | 50 | \$244,571.12   | \$207,078.36   | \$117,496.83 | \$107,838.59 | \$99,239.77    | \$43,530.41  | \$6,622.81 | \$2,905.02 | \$0.00 | \$0.00 | \$1,341,914.43 |
| 2042 | 51 | \$244,571.12   | \$207,078.36   | \$130,206.00 | \$119,503.06 | \$87,575.30    | \$36,647.51  | \$6,822.82 | \$2,855.14 | \$0.00 | \$0.00 | \$1,381,417.08 |
| 2043 | 52 | \$244,571.12   | \$207,078.36   | \$134,589.97 | \$123,526.67 | \$83,551.69    | \$33,356.00  | \$7,028.87 | \$2,806.11 | \$0.00 | \$0.00 | \$1,417,579.18 |
| 2044 | 53 | \$244,571.12   | \$207,078.36   | \$139,153.68 | \$127,715.25 | \$79,363.11    | \$30,226.87  | \$7,241.14 | \$2,757.92 | \$0.00 | \$0.00 | \$1,450,563.98 |
| 2045 | 54 | \$244,571.12   | \$207,078.36   | \$139,153.68 | \$127,715.25 | \$79,363.11    | \$28,836.93  | \$7,459.83 | \$2,710.56 | \$0.00 | \$0.00 | \$1,482,111.47 |
| 2046 | 55 | \$244,571.12   | \$207,078.36   | \$143,904.51 | \$132,075.56 | \$75,002.81    | \$25,999.42  | \$7,685.11 | \$2,664.01 | \$0.00 | \$0.00 | \$1,510,774.91 |
| 2047 | 56 | \$2,064,399.88 | \$1,259,283.92 | \$148,850.12 | \$136,614.64 | \$1,122,669.29 | \$371,273.46 | \$4,450.74 | \$1,471.89 | \$0.00 | \$0.00 | \$1,883,520.25 |
| 2048 | 57 | \$191,935.95   | \$162,512.17   | \$153,998.50 | \$141,339.82 | \$21,172.35    | \$6,679.85   | \$5,680.71 | \$1,792.26 | \$0.00 | \$0.00 | \$1,891,992.36 |
| 2049 | 58 | \$191,935.95   | \$162,512.17   | \$113,998.60 | \$104,627.92 | \$57,884.26    | \$17,422.65  | \$5,852.26 | \$1,761.48 | \$0.00 | \$0.00 | \$1,911,176.49 |
| 2050 | 59 | \$191,935.95   | \$162,512.17   | \$23,279.88  | \$23,279.88  | \$139,232.29   | \$39,980.62  | \$6,029.00 | \$1,731.23 | \$0.00 | \$0.00 | \$1,952,888.35 |
| 2051 | 60 | \$191,935.95   | \$162,512.17   | \$23,279.88  | \$23,279.88  | \$139,232.29   | \$38,142.17  | \$6,211.08 | \$1,701.50 | \$0.00 | \$0.00 | \$1,992,732.02 |
| 2052 | 61 | \$191,935.95   | \$162,512.17   | \$23,279.88  | \$23,279.88  | \$139,232.29   | \$36,388.26  | \$6,398.65 | \$1,672.28 | \$0.00 | \$0.00 | \$2,030,792.56 |
| 2053 | 62 | \$191,935.95   | \$162,512.17   | \$23,279.88  | \$23,279.88  | \$139,232.29   | \$34,714.99  | \$6,591.89 | \$1,643.57 | \$0.00 | \$0.00 | \$2,067,151.12 |
| 2054 | 63 | \$191,935.95   | \$162,512.17   | \$23,279.88  | \$23,279.88  | \$139,232.29   | \$33,118.67  | \$6,790.97 | \$1,615.34 | \$0.00 | \$0.00 | \$2,101,885.14 |
| 2055 | 64 | \$191,935.95   | \$162,512.17   | \$23,279.88  | \$23,279.88  | \$139,232.29   | \$31,595.76  | \$6,996.06 | \$1,587.60 | \$0.00 | \$0.00 | \$2,135,068.50 |
| 2056 | 65 | \$191,935.95   | \$162,512.17   | \$23,279.88  | \$23,279.88  | \$139,232.29   | \$30,142.87  | \$7,207.34 | \$1,560.34 | \$0.00 | \$0.00 | \$2,166,771.71 |
| 2057 | 66 | \$191,935.95   | \$162,512.17   | \$23,279.88  | \$23,279.88  | \$139,232.29   | \$28,756.79  | \$7,425.00 | \$1,533.55 | \$0.00 | \$0.00 | \$2,197,062.05 |
| 2058 | 67 | \$191,935.95   | \$162,512.17   | \$23,279.88  | \$23,279.88  | \$139,232.29   | \$27,434.45  | \$7,649.23 | \$1,507.21 | \$0.00 | \$0.00 | \$2,226,003.72 |
| 2059 | 68 | \$191,935.95   | \$162,512.17   | \$23,279.88  | \$23,279.88  | \$139,232.29   | \$26,172.92  | \$7,880.24 | \$1,481.33 | \$0.00 | \$0.00 | \$2,253,657.97 |
| 2060 | 69 | \$191,935.95   | \$162,512.17   | \$23,279.88  | \$23,279.88  | \$139,232.29   | \$24,969.39  | \$8,118.22 | \$1,455.89 | \$0.00 | \$0.00 | \$2,280,083.25 |
| 2061 | 70 | \$191,935.95   | \$162,512.17   | \$23,279.88  | \$23,279.88  | \$139,232.29   | \$23,821.21  | \$8,363.39 | \$1,430.89 | \$0.00 | \$0.00 | \$2,305,335.36 |

Plaintiff Bates No. PM000004

|      |    |              |              |             |             |              |             |             |            |        |        |                |
|------|----|--------------|--------------|-------------|-------------|--------------|-------------|-------------|------------|--------|--------|----------------|
| 2062 | 71 | \$191,935.95 | \$162,512.17 | \$23,279.88 | \$23,279.88 | \$139,232.29 | \$22,725.83 | \$8,615.97  | \$1,406.32 | \$0.00 | \$0.00 | \$2,329,467.50 |
| 2063 | 72 | \$191,935.95 | \$162,512.17 | \$23,279.88 | \$23,279.88 | \$139,232.29 | \$21,680.81 | \$8,876.17  | \$1,382.17 | \$0.00 | \$0.00 | \$2,352,530.48 |
| 2064 | 73 | \$191,935.95 | \$162,512.17 | \$23,279.88 | \$23,279.88 | \$139,232.29 | \$20,683.85 | \$9,144.23  | \$1,358.43 | \$0.00 | \$0.00 | \$2,374,572.77 |
| 2065 | 74 | \$191,935.95 | \$162,512.17 | \$23,279.88 | \$23,279.88 | \$139,232.29 | \$19,732.73 | \$9,420.39  | \$1,335.11 | \$0.00 | \$0.00 | \$2,395,640.61 |
| 2066 | 75 | \$191,935.95 | \$162,512.17 | \$23,279.88 | \$23,279.88 | \$139,232.29 | \$18,825.35 | \$9,704.88  | \$1,312.18 | \$0.00 | \$0.00 | \$2,415,778.14 |
| 2067 | 76 | \$191,935.95 | \$162,512.17 | \$23,279.88 | \$23,279.88 | \$139,232.29 | \$17,959.69 | \$9,997.97  | \$1,289.65 | \$0.00 | \$0.00 | \$2,435,027.48 |
| 2068 | 77 | \$191,935.95 | \$162,512.17 | \$23,279.88 | \$23,279.88 | \$139,232.29 | \$17,133.84 | \$10,299.91 | \$1,267.50 | \$0.00 | \$0.00 | \$2,453,428.82 |
| 2069 | 78 | \$191,935.95 | \$162,512.17 | \$23,279.88 | \$23,279.88 | \$139,232.29 | \$16,345.97 | \$10,610.96 | \$1,245.73 | \$0.00 | \$0.00 | \$2,471,020.52 |
| 2070 | 79 | \$191,935.95 | \$162,512.17 | \$23,279.88 | \$23,279.88 | \$139,232.29 | \$15,594.32 | \$10,931.42 | \$1,224.34 | \$0.00 | \$0.00 | \$2,487,839.18 |
| 2071 | 80 | \$191,935.95 | \$162,512.17 | \$23,279.88 | \$23,279.88 | \$139,232.29 | \$14,877.24 | \$11,261.54 | \$1,203.32 | \$0.00 | \$0.00 | \$2,503,919.74 |
| 2072 | 81 | \$191,935.95 | \$162,512.17 | \$23,279.88 | \$23,279.88 | \$139,232.29 | \$14,193.13 | \$11,601.64 | \$1,182.65 | \$0.00 | \$0.00 | \$2,519,295.52 |
| 2073 | 82 | \$153,548.76 | \$130,009.74 | \$18,623.90 | \$18,623.90 | \$111,385.83 | \$10,832.38 | \$9,561.61  | \$929.88   | \$0.00 | \$0.00 | \$2,531,057.78 |

|  |  |                 |                |                |                |                |                |              |              |        |        |  |
|--|--|-----------------|----------------|----------------|----------------|----------------|----------------|--------------|--------------|--------|--------|--|
|  |  | \$11,606,308.10 | \$9,317,213.31 | \$2,989,433.57 | \$2,789,245.96 | \$6,527,967.35 | \$2,167,146.60 | \$349,591.70 | \$111,757.33 | \$0.00 | \$0.00 |  |
|--|--|-----------------|----------------|----------------|----------------|----------------|----------------|--------------|--------------|--------|--------|--|

|                                  |              |
|----------------------------------|--------------|
| PRESENT VALUE OF PAST LOST WAGES | \$239,169.09 |
|----------------------------------|--------------|

|                                    |                |
|------------------------------------|----------------|
| PRESENT VALUE OF FUTURE LOST WAGES | \$2,167,146.60 |
|------------------------------------|----------------|

|  |             |
|--|-------------|
| PRESENT VALUE OF PAST LOST FRINGE BENEFITS | \$12,984.77 |
|--|-------------|

|  |              |
|--|--------------|
| PRESENT VALUE OF FUTURE LOST FRINGE BENEFITS | \$111,757.33 |
|--|--------------|

|   |        |
|---|--------|
| PRESENT VALUE OF PAST LOST HOUSEHOLD SERVICES | \$0.00 |
|---|--------|

|   |        |
|---|--------|
| PRESENT VALUE OF FUTURE LOST HOUSEHOLD SERVICES | \$0.00 |
|---|--------|

|                            |                |
|----------------------------|----------------|
| TOTAL PRESENT VALUE LOSSES | \$2,531,057.78 |
|----------------------------|----------------|